

Chairman Louie Cononelos
Director David Ure

**Board of Trustees
School & Institutional Trust Lands Administration
Salt Lake City, Utah**

January 28, 2016

Minutes

Attending:

Board

Louie Cononelos
Jim Lekas
Tom Bachtell
Lonnie Bullard
Scott Ruppe
Roger Barrus
Mike Mower

Staff

David Ure
Kim Christy
LaVonne Garrison
Tom Faddies
John Andrews
Rodger Mitchell
Ron Carlson
Lisa Schneider
Deena Loyola
Jeff Roe
Jerry Mansfield
Elise Erler
Diane Lund
Brigid Carney
Stephanie Barber-Renteria
Zeke Clements
Chris Fausett
Nannette Johnson

Others in Attendance:

Tim Donaldson, Utah State Office of Education
Paula Plant, Utah State Office of Education
Karen Rupp, Utah State Office of Education
Trudy Henderson, UEA
Tracy Miller, PTA
Cameron Todd, U.S. Oil Sands
John Davis, Holland and Hart/U.S. Oil Sands
Barclay Cuthbert, U.S. Oil Sands

**Board of Trustees
School & Institutional Trust Lands Administration
Salt Lake City, Utah**

**January 28, 2016
Agenda**

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Notification	
There are no items for notification	
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1. Welcome

Chairman Cononelos welcomed all in attendance.

2. Approval of Board Minutes for November 19, 2015

The November 19, 2015, minutes were approved with a change to add paragraph spacing.

"I make the motion to approve minutes of November with the modification noted."

Motion: Mower/Bachtell Unanimous

Roll Call:

Louie Cononelos – yes	Jim Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

3. Confirmation of Upcoming Meeting Dates

The Board changed the Spring tour dates. The meeting will be on Thursday, June 16, and the tour will begin in Delta on Friday, June 17, with the drive ending in Salt Lake City.

4. Land Donation Recognition

Kim Christy introduced Dr. Joseph Lambert and addressed the Board to present recognition for the land donation from Dr. Lambert.

Kim also mentioned the agency's intent to look for more land donation opportunities and create an ongoing honorary list of donations.

5. County Advisory Committee and Public Comment Period No comments.

6. Consent Calendar

Consent There were no items for consent

Notification There were no items for notification

Follow-up after Six Months

OBA - ML 49943 Lease Boundary Adjustment Follow-up of Muddy Tract Lease

Tom Faddies said the project is moving forward.

Proposed Sale, 328 Acres +/- South Block Industrial Property

Rodger Mitchell defined the sale as a solid opportunity. The Board discussed the expedited expansion of development in the St. George area and plans including commercial interests. Mr. Mitchell noted that a 600 to 700-acre expansion is being discusses with the developer to bring to the Board, if negotiations are fruitful.

7. Chair's Report

a. Beneficiary Report: Board Governance Recommendations

Tim Donaldson said the Nominating Committee is about to begin the process for the Governor to select the next member of the SITLA Board of Trustees. Mr. Donaldson suggested the Board members' orientation be used to fully prepared new members for

their significant appointment to the Board. Mr. Donaldson provided a list of recommendations for the Board to consider.

1. Board chair conducts orientation for new board member
2. Annual board self-assessment
3. Board member exit interview in closed session last meeting
4. A board member chairs each board committee
5. Draft one-page list of what a committee chair assignment entails
6. Create finance committee (more in March on the topic)
7. Annual conflict of interest policy review and sign
8. Meet annually with recommendations for State Auditor, separate from staff
9. Other items for discussion on all agendas
10. Future agenda items on all agendas

The Board asked for a copy of the list of recommendations. No response to the list was provided at the meeting.

8. Director's Report

a. Director's Update

i. MCW Update

MCW has paid \$73,000 to date. Additional payments are also scheduled. A spill on the site has been acknowledged and clean up is being required. Director Ure acknowledged additional information and noted there is more work to be done to include recommendations from the Board in any agreement.

ii. Legislative Bills Planned for 2016 General Session

Director Ure discussed legislation to allow the agency to close land to target shooting. Roger Barrus said legislation will make management similar to surrounding BLM lands.

The UTTR Resolution was released January 27. The agency is preparing a response for the fiscal note. Mike Mower said Governor Herbert supports the concurrent resolution.

iii. Fee Waiver Report

The fees waived in the last six months total \$350 and are considered justified.

b. Budget and Revenue Update

Lisa Schneider provided a revenue update and distributed copies of the budget presented to the Board in the August 2015 Board of Trustees' meeting.

c. Audit Committee Update

Ron Carlson reviewed the Audit Committee meeting from December and reviewed the annual audit. The audit offered no findings.

d. Moab Water Rights with Consideration for Possible Purchase

Rodger Mitchell discussed 90-acre-feet of water with a 1961 priority date, which can move up and down the Colorado drainage. Water will likely be used in the Spanish Valley project.

The Board expressed no opposition to the purchase and voted unanimously to approve the acquisition. Mike Mower recalled the acquisition is in line with the request of the Board to look for water opportunities.

“I make the motion to approve the purchase as defined, which is consistent with instruction to the agency from the Board.”

Motion: Mower/Bachtell Unanimous

Roll Call:

Louie Cononelos – yes	Jim Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

e. Proposed Amendment to R850-30-400, Lease Rates

Kim Christy outlined the rental adjustment proposal for a rule change. The change provides the option for rounding to the nearest ten. Some conditions make it impossible to accommodate the rule as written. The Board expressed no opposition to the change to allow the agency to honor requests not to round the amount. If there is no request, then the amount will continue to be rounded.

Tom Bachtell asked for input from Tim Donaldson. Tim Donaldson asked for examples where the rule change affects a lease and then said he had no concerns. The Board voted unanimously to approve the change.

“I make the motion to approve the rule as defined.”

Motion: Bachtell/Bullard Unanimous

Roll Call:

Louie Cononelos – yes	James Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

f. HBP vs. Primary Term vs. Open Lands for Oil & Gas

LaVonne Garrison reviewed a map to demonstrate where land is available for oil and gas production. Tim Donaldson commented on energy markets and provided two emphases in the current economic climate.

- SITLA does not have an impact on what goes to schools as the disbursements are based on the permanent fund.
- The big picture is about long term gains.

The Board voted to go into closed session for the remaining three items on the agenda.

“I make the motion to go into closed session for a strategy discussion of potential purchase, exchange, or lease of real property.”

Motion: Ruppe/Bullard Unanimous

Roll Call:

Louie Cononelos – yes	Jim Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

g. Exchange Update for UTTR and PLI

h. Mining Committee Update with U.S. Oil Sand

Closed session strategy discussion for the purchase, exchange, or lease of real property. U.S. Oil Sands provided strategic plans for future development objectives. John Andrews will work on an agreement with U.S. Oil Sands to include a risk free agreement for the agency and U.S. Oil Sands.

Closed session strategy discussion for the purchase, exchange, or lease of real property.

"I make the motion we return to open session and adjourn the meeting."

Roll Call:

Louie Cononelos – yes Jim Lekas – yes Tom Bachtell – yes Scott Ruppe – yes
 Lonnie Bullard – yes Roger Barrus – yes Mike Mower – yes

Adjourn